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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY
IN REPLY REFER TO:

Honorable Fred Grandy
House of Representatives
418 Cannon House Office Building
Washington, D.C. 20515-1506

72-259
8010-JRC
CN9203268
1800D4

Dear Congressman Grandy:

Thank you for your letter on behalf of Mr. Donald D. Miller of Northwest Communications, Inc., regarding his recommendations for implementing the programming regulations in the Cable Television Consumer Protection and Competition Act of 1992 (1992 Cable Act).

The 1992 Cable Act prohibits unfair or discriminatory practices in the sale of programming in order to foster the development of competition to cable systems by increasing access to programming by other multichannel video programming distributors. In the 1992 Cable Act, Congress instructed the Commission to adopt implementing regulations pertaining to program access. In accordance with the statute, the Commission invited comment on provisions that will govern access to multichannel video programming (Notice of Proposed Rulemaking in MM Docket No. 92-265 released December 24, 1992). In particular, we are seeking comment on proposed regulations to prohibit: (1) undue influence by cable operators upon actions by affiliated program vendors, (2) price discrimination by vertically integrated satellite cable programming vendors and satellite broadcast programming vendors, and (3) certain exclusive contracting practices that the Commission finds not to be in the public interest.

Mr. Miller also makes specific recommendations for implementing the "retransmission consent" provisions in the 1992 Cable Act. The 1992 Cable Act amended Section 325 of the Communications Act of 1934 by adding provisions governing retransmission of broadcast signals by cable systems and other multichannel video programming distributors. The Commission recently initiated a proceeding to seek comment on the implementation and clarification of these provisions (Notice of Proposed Rulemaking in MM Docket No. 92-259).

We will place Mr. Miller's recommendations in the official record of MM Docket No. 92-265, as well as in MM Docket No. 92-259 regarding retransmission consents, so that they will receive full consideration prior to any action the Commission takes to implement the provisions of the 1992 Cable Act.

Sincerely,

Roy J. Stewart

Roy J. Stewart
Chief, Mass Media Bureau

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FRED GRANDY

6TH DISTRICT, IOWA

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Congress of the United States
House of Representatives
Washington, DC 20515-1506

MMB
CATV

3268

REPLY TO:

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211 NORTH DELAWARE
MASON CITY, IA 50401
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14 WEST 5TH STREET
SPENCER, IA 51301
(712) 262-6480

November 13, 1992

Mr. Alfred C. Sikes
Chairman
Federal Communications Commission
1919 M Street
Washington, D.C. 20554

Dear Chairman Sikes:

Enclosed please find a letter from Donald D. Miller regarding new cable bill regulations.

If you could provide any assistance in this matter, it would be greatly appreciated. Please mark your return correspondence to the attention of Shawn Coughlin.

Thank you for your attention to this request.

Sincerely,


FRED GRANDY
MEMBER OF CONGRESS

FG/sc
Enclosure

Northwest Communications, Inc.

844 Wood Street - P.O. Box 186
Havelock, Iowa 50546-0186

Donald D. Miller
General Manager

Telephone 712-776-2222
Iowa WATS 800-247-2776

October 26, 1992

Congressman Fred Grandy
1418 Cannon House Office Building
Washington, DC 20515

Dear Fred,

I would again like to thank you for asking me to be on the cable television panel you had at Fort Dodge in April of this year. As you know my main concern was the problems we have in our area with programmers using penetration rates to determine rate structure. The following is my recommendations for the FCC when they start to define the regulations in the new cable bill. I have sent a letter to Senator Grassley's office and offered the same recommendations.

Please note the following differences between our system and metropolitan cable systems.

Our system:

1. Outside the area of most local broadcast stations - see map enclosed.
2. Rural population with very weak economy at this time.
3. Subscribers must be on cable system to receive the three local networks (many just want to get the local stations).
4. We carry some networks from two locations plus by satellite just to receive a quality picture along with local news.
5. We presently have 30% of our customers on the lowest cost service.
6. We own and operate four small CATV systems in communities servicing 70 to 320 customers offering 17 to 32 channels including multiple network channels.

Programmers contracts:

1. Require us to have a minimum of 85% to 97% penetration rate for their channel. We are presently around 70%.
2. Some of the programmer rates increase 100% or more at 85% penetration.
3. Programmers require you to pay the base rate plus the increased rates on 100% of your subscribers not just the 70% taking their service.

Retransmission consent:

1. Again note our location on map.
2. West Bend is in the Sioux City area of dominate influence and we are not even able to receive Channel 4 KTIV (NBC). So we try to receive WHO Channel 13 (NBC) Des Moines for state news and we have WXIA Atlanta, GA (NBC) in order to receive a quality picture.
3. We plan to combine our systems into one headend ending up with 800 subscribers in total. But two of the communities are in the Des Moines area of dominate influence and the other two are in the Sioux City area of dominate influence.

Regulation Needed:

1. Retransmission consent should not apply to systems with under 1500 subscribers.
2. Retransmission consent should not apply to network channels that have very marginal signal levels at the locations of cable service.
3. Programmers **must not be allowed** to require over 50% penetration levels.
4. Programmers **must not be allowed** to charge for customers receiving only broadcast signals (including satellite broadcast stations). In other words programmers **must charge only** for the customers taking their service.
5. Programmers **must not be allowed** to double their rates unless the penetration is under 50% including number 4 above.

These items are of major concern for our small system. With the programmers such as CNN asking for 97% penetration, TNT doubling their rate with 70% penetration, ESPN charging for all customers plus increased rate, USA network requiring 85% penetration plus doubling rate and other requirements, a small system such as ours will only be able to offer one service level.

Please forward this information to the FCC Commissioners and if there are any questions, please call me.

Sincerely,



Donald D. Miller

enc: Iowa Television Coverage Map

